



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Ted Stewart
Executive Director

James W. Carter
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

January 6, 1995

TO: Board of Oil, Gas and Mining

THRU: James W. Carter, Director *[Signature]*

THRU: D. Wayne Hedberg, Minerals Permit Supervisor *[Signature]*

FROM: Anthony A. Gallegos, Senior Reclamation Specialist *[Signature]*

RE: Request for Approval of Amount and Form of Replacement Reclamation Surety, Great Salt Lake Minerals Corporation (GSLM), Little Mountain Plant, M/057/002, Weber County, Utah

GSLM has provided the Division with a revised reclamation surety as requested. The new surety amount of \$272,400 includes five years of projected escalation. The previous GSLM surety was being escalated and adjusted annually. The form of the new surety is an irrevocable standby letter of credit (LOC) with First Security Bank of Utah. The language of the new LOC is consistent with the Division's 1993 version of the form with the exception of item number two. Item two specifies that the new LOC becomes effective when the old LOC is returned to Barclays Bank and cancelled.

Please find a checklist of the items attached to assist in your consideration of this request.

jb
M57-02.BRD



DOGM MINERALS PROGRAM

Check list for Board Approval of FORM AND AMOUNT OF SURETY

(Prepared January 6, 1995)

Comapny Name Great Salt Lake Minerals Corporation
Mine Name: Little Mountain Plant
File No: M/057/002

Item	Provided		Remarks
	Yes	No	
Executive Summary	X		
Location Map	X		
Reclamation Bond Estimate	X		
Signed Reclamation Contract	X		
Signed Power of Attorney/ Affidavit of Qualification		X	
Bond/Reclamation Surety	X		ILOC
Surety Sign Off (Other State/Federal Agencies)		X	
RDCC contacted		X	N/A

4:M057002

EXECUTIVE SUMMARY

Prepared January 6, 1995

Mine Name: <u>Little Mountain Mine</u>	I.D. No: <u>M/057/002</u>
Operator: <u>Great Salt Lake Minerals</u>	County: <u>Weber</u>
<u>and Chemical Corporation</u>	New/Existing: <u>Existing</u>
<u>765 North 10500 West</u>	Mineral Ownership: <u>State of Utah</u>
<u>Ogden, Utah 84402</u>	Surface Ownership: <u>St. of Utah, GSLM</u>
Telephone: <u>(801) 521-3556</u>	Lease No.(s): <u>ML 25384, ML 25859,</u>
	<u>ML 19024, ML 19059, ML 21708, ML</u>
	<u>22782, ML 23023, ML 24184, ML</u>
	<u>24631, R-W 1073</u>
Contact Person: <u>Max Reynolds</u>	Permit Term: <u>Life of Mine</u>

Life of Mine: 200 Years

Legal Description: Portions of Section 5, T6N, R9W; Section 31, R7N, R9W; Sections 16, 17,
21, 22, 26, 35, and 36, T7N, R10W

Mineral(s) to be Mined: Potassium sulfate (Potash), Sodium sulfate, Sodium chloride (Salt),
and Magnesium chloride (Dust suppressant).

Mining Methods: Solar evaporation

Acres to be Disturbed: Plant site, 500 acres; Evaporation ponds, 51,000 acres; (current
19,500 + 17,000 (new); Borrow areas/pits, 115 acres

Present Land Use: Mining and minerals processing.

Postmining Land Use: Recreation or waterfowl refuge (lake) and industrial (plant site).

Variances from Reclamation Standards (Rule R613) Granted: R613-004-111 (5) Land Use;
R613-004-111 (7) Highwalls; R613-004-111 (9) Impoundments; and R613-004-111 (12) Soils,
R613-004-111 (13) Revegetation.

Soils and Geology:

Soil Description: Clay soils are used in dike construction.

Ph: N/A

Special Handling Problems: Although the borrow pits do not have topsoil available for
reclamation, the clay fines will be used to aid plant growth.

Geology Description: The evaporation ponds are built on mud flats on the Great Salt Lake.

Hydrology:

Ground Water Description: N/A

Surface Water Description: The Bear River Bay and Willard Bay are isolated from the solar ponds.

Water Monitoring Plan: N/A

Ecology:

Vegetation Type(s); Dominant Species: Alkali sacaton, sagebrush, rabbitbrush and saltbrush.
Percent Surrounding Vegetative Cover: 30%

Wildlife Concerns: None

Surface Facilities: The 500 acre plant site is located in an industrial park with a Southern Pacific rail spur.

Mining and Reclamation Plan Summary:

During Operations:

1. Great Salt Lake Minerals and Chemicals Corporation (GSLM) pumps brine from the north arm of the Great Salt Lake at the southwest corner of Promontory Peninsula through a system of existing solar evaporation ponds. As the brines flow through the pond system, water evaporates and minerals precipitate on pond floors.
2. After the evaporation process is finished, minerals are harvested and trucked to GSLM's plant site on Little Mountain for processing.
3. Borrow material is excavated from borrow pits located on fee land at Little Mountain, Promontory and Strongs Knob.
4. As part of the lease agreement with the State, all unused minerals in the pond system or in the plant effluent are returned to the lake.
5. GSLM leases 89,000 acres of lands from the State of Utah. Currently, ponds cover 17,500 acres, with an expansion up to 34,000 acres planned and already permitted by various state and federal agencies through the Army Corps of Engineers. Projected mine life is 200 years.

After Operations:

1. After cessation of operations, GSLM will negotiate a transfer of the pond system to the State of Utah for wildlife management, as per requirements of state leases. Any structures and equipment not suitable for these purposes will be removed. Roads and dikes will remain in place.
2. If the area is not accepted for wildlife management, all structures and equipment will be removed. Dikes will be breached to allow water to circulate and clean out the ponds. The removal of these structures and equipment and the breachment of the dikes is included in the reclamation estimate. Wave action will eventually wash out and level non-maintained dikes and roads.
3. The 500 acre plant site and structures on Little Mountain are part of a zoned and regulated industrial park and are marketable as such for continued use. The surety includes removal of trash and debris only. Unmarketable structures will be removed for scrap value. The area will not be returned to its original conditions.
4. Borrow pits will be recontoured to match the surrounding areas and to provide for drainage of water. A single highwall on pit No. 5 will remain at a 70° slope. The areas will then be roughened and seeded with the following species which are adapted to the site:

Alkali Sacaton	1 lb/acre
Westeir Wheatgrass	4 lb/acre
Basin Wildrye	4 lb/acre
Yellow Sweetclover	2 lb/acre
Big Sagebrush	<u>1 lb/acre</u>
	12 lb/acre

No topsoil will be available for reclamation and the soil may need to be amended to support plant growth. These soil amendments are included in the surety.

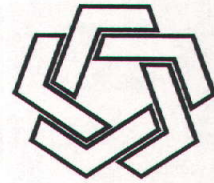
Surety:

Amount: \$272,400 (1999 \$) _____

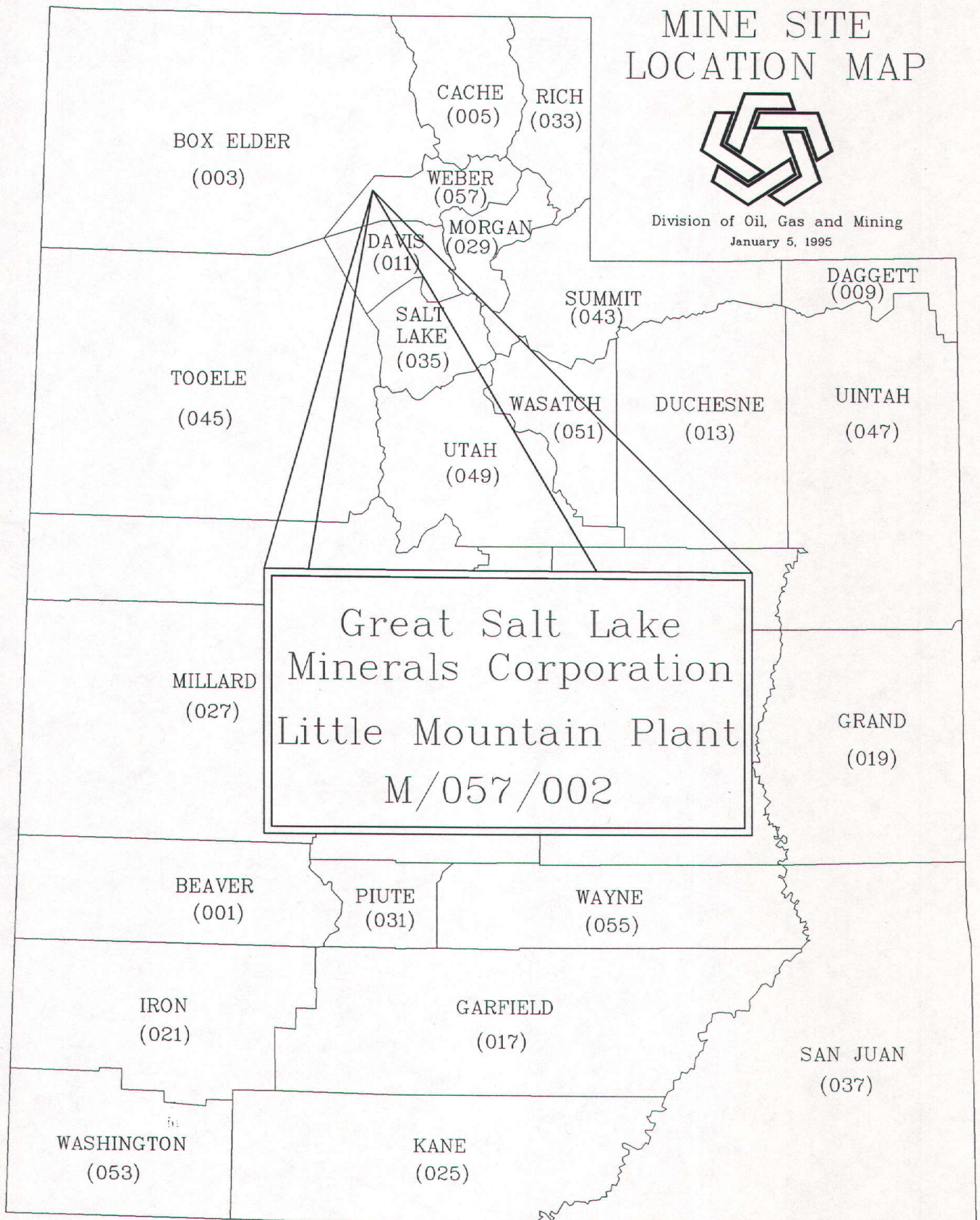
Form: Letter of Credit _____

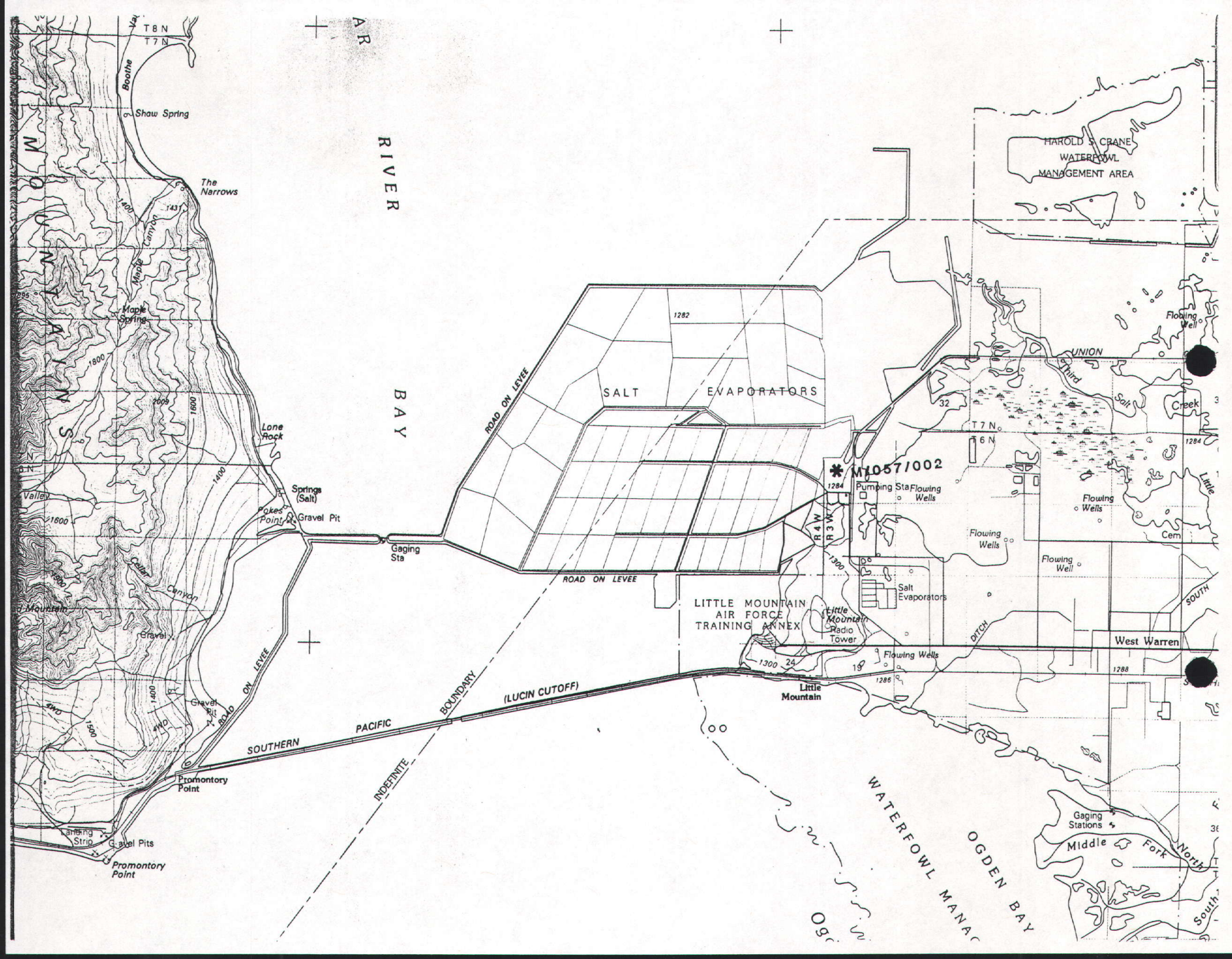
Renewable Term: Automatically extended annually _____

MINE SITE LOCATION MAP



Division of Oil, Gas and Mining
January 5, 1995





RECLAMATION ESTIMATE

Great Salt Lake Minerals Corporation

Little Mountain Plant

M/057/002

filename M57-02-4.WQ1

last revision

10/19/94

Weber County

Prepared by Utah State Division of Oil, Gas & Mining

Reclamation Details

- Site includes approximately 51,000 acres of evaporation ponds, 500 acres of plant operations, and approximately 162.6 acres of borrow areas.
- Reclamation of pond system by selective breaching of dikes & natural wave erosion.
- Reclamation of plant operations is general cleanup only -POST MINE USE.
- Borrow pits to be regraded & reseeded, except Strongs Knob(no reclamation).
- Borrow sites and acreages: Borrow #1 (37), Borrow #2 (3), Borrow #4 (3), Borrow #5 (3), Little Mtn. North (22), Little Mtn. South (72), Strongs Knob (22.6).
- One borrow site requires fencing above highwall.Strongs knob highwall <45 degrees.
- Strongs Knob to Finger Point dike to be breached once every mile.
- All structures at Finger Point pump station to be removed.
- Access road across lake bed to be breached once every 0.5 mile.
- 22.6 acres at Strong's Knob borrow do not require reclamation.
- Borrow site #1 had 37 acres covered with water in 1991.
- Total disturbed acreage(pond system, dikes & plant not included) = 162.6 acres
- Total disturbance to be reclaimed = 140.0 acres

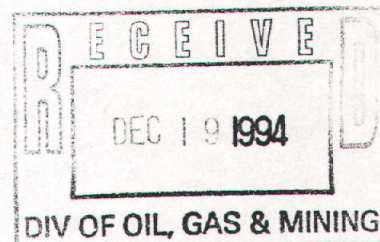
Description	Amount	\$/unit	\$	
Plant site cleanup	lump sum	21,821	21,821	(a)
Breach dikes	10 each	1,309	13,090	(a)
Remove wood structures & pumps	lump sum	65,463	65,463	(a)
Install highwall fencing	200 LF	16	3,200	(a)
Regrade borrow areas	140.0 acre	196	27,440	(a)
Reseed borrow areas	140.0 acre	382	53,480	(a)
Breach Strongs Knob road	2 each	1,333	2,666	(b)
Breach Finger Point dike	8 each	1,333	10,664	(b)
Remove Finger Point pump station	lump sum	21,383	21,383	(b)
Mobilization	5 equip	1,000	5,000	
subtotal			224,207	
Add 10% contingency			22,421	
Total in 1994 \$			246,628	
Escalation for 5 years @ 2.01%			25,803	
Total in 1999 \$			272,430	
Rounded total in 1999 \$			\$272,400	

Average cost/disturbed acre = \$1,675

(a) this \$/unit amount was escalated from 1989 to 1994 dollars

(b) this \$/unit amount was escalated from 1991 to 1994 dollars

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
(801) 538-5340



RECLAMATION CONTRACT

---ooOoo---

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.) (Mineral Mined)	<u>M/057/002</u> <u>Evaporites (Potash,</u> <u>Sodium Chloride, Magnesium Chloride)</u>
"MINE LOCATION": (Name of Mine) (Description)	<u>Little Mountain Plant</u> <u>19,500 acres solar ponds + 17,000 acres</u> <u>new ponds, processing plants, gravel pits</u> <u>for dike construction and maintenance.</u>
"DISTURBED AREA": (Disturbed Acres) (Legal Description)	<u>140</u> <u>(refer to Attachment "A")</u>
"OPERATOR": (Company or Name) (Address)	<u>Great Salt Lake Minerals Corp.</u> <u>765 N 10500 W</u> <u>Ogden, Utah 84404</u>
(Phone)	<u>(801) 732-3205</u>

"OPERATOR'S REGISTERED AGENT":

(Name)

(Address)

(Phone)

MAX J. Reynolds

Vice President - Operations

765 N 10500 W

Ogden, Utah 84404

(801) 732-3206

"OPERATOR'S OFFICER(S)":

Robert F. Clark, President

Max J. Reynolds, VP Operations

Dan Richardson, VP Finance/Planning

"SURETY":

(Form of Surety - Attachment B)

Letter of Credit

"SURETY COMPANY":

(Name, Policy or Acct. No.)

First Security Bank of Utah, N.A.

#

"SURETY AMOUNT":

(Escalated Dollars)

\$272,400

"ESCALATION YEAR":

1999 Dollars

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

None

B "SURETY":

8/31/90

Amended 9/91

Escalated 11/92

Escalated 8/93

Escalated 10/94

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Great Salt Lake Minerals the "Operator" and the Utah State Board of Oil, Gas and Mining ("Board").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/057/002 which has been approved by the Utah State Division of Oil, Gas and Mining "Division" under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Board, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Board and the Operator agree as follows:

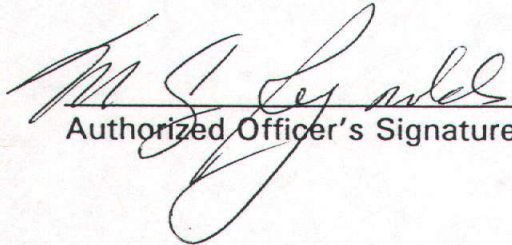
1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the original Notice of Intention dated June 29, 1977, and the original Reclamation Plan dated June 13, 1977. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Board. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Board in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Board. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as

amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the (Board) that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The (Board) shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Board to substitute surety. The Board, in its sole judgment and discretion, may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.

14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

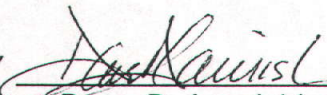
Max J. Reynolds/VP Operations
Authorized Officer (Typed or Printed)


Authorized Officer's Signature

Nov 10, 1994
Date

SO AGREED this 25TH day of January, 1995.

AND APPROVED AS TO FORM AND AMOUNT OF SURETY:

BY 
Dave D. Lauriski, Chairman
Utah State Board of Oil, Gas and Mining

DIVISION OF OIL, GAS AND MINING:

By

James W. Carter, Director

Date

January 30, 1995

STATE OF Utah)
) ss:
COUNTY OF Salt Lake)

On the 30th day of January, 19 95, personally
appeared before me, who being duly sworn did say that he/she, the said
JAMES W. CARTER is the Director of the Division of
Oil, Gas and Mining, Department of Natural Resources, State of Utah, and he/she
duly acknowledged to me that he/she executed the foregoing document by
authority of law on behalf of the State of Utah.



Janice L. Brown
Notary Public

Residing at: Salt Lake City

August 3, 1998
My Commission Expires:

OPERATOR:

GREAT SALT LAKE MINERALS CORPORATION

Operator Name

By M. J. REYNOLDS

Corporate Officer - Position

November 10, 1994
Date

M. J. Reynolds
Signature

STATE OF UTAH

COUNTY OF WEBER

) ss:
)

On the 10th day of NOVEMBER, 19 94, personally
appeared before me M. J. REYNOLDS who
being by me duly sworn did say that he/she, the said M. J. REYNOLDS
is the VICE PRESIDENT-OPERATIONS of GREAT SALT LAKE MINERALS CORP.
and duly acknowledged that said instrument was signed on behalf of said company
by authority of its bylaws or a resolution of its board of directors and said
M. J. REYNOLDS duly acknowledged to me that said
company executed the same.



Rebecca M. McNeely
Notary Public
Residing at: OGDEN, UTAH

My Commission Expires: 3-1-98

Surety Company

Date _____

STATE OF _____)
) ss:
COUNTY OF _____)

Notary Public

Residing at:

My Commission Expires:

Page 8 of 9
Revised May 28, 1993
Form MR-RC

ATTACHMENT "A"

Great Salt Lake Minerals Corp.
Operator

Little Mountain Plant
Mine Name

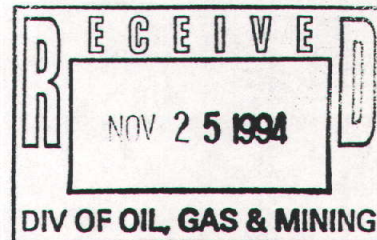
M/057/002
Permit Number

Weber County, Utah

The legal description of lands to be disturbed is:

"EXHIBIT A-1" (DWG. No.800-11-05-020).
"EXHIBIT A-2" (DWG. No.800-110-05-019), and
"EXHIBIT A-3" (DWG. No.101-01-05-006, received
September 16, 1991)

**First
Security
Bank.**



IRREVOCABLE STANDBY LETTER OF CREDIT NO.

ISSUED IN Salt Lake City, Utah on 23 NOV 1994

APPLICANT:

Great Salt Lake Minerals Corp.
8300 College Blvd.
Overland Park, Kansas 66210

BENEFICIARY:

Utah Division of Oil, Gas, and
Mining
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

AMOUNT: USD ***272,400.00
TWO HUNDRED SEVENTY TWO THOUSAND
FOUR HUNDRED AND 00/100 UNITED
STATES DOLLARS

DATE AND PLACE OF EXPIRY:
28 OCT 1995
Our Counters

1. First Security Bank of Utah, N.A. ("Surety"), of Ogden, UT, hereby establishes this irrevocable letter of credit (the "Letter of Credit") in favor of the Utah Division of Oil, Gas, and Mining ("Division") for and aggregate amount not to exceed \$272,400 in United States Dollars ("Face Amount") effective immediately.
2. This Letter of Credit shall become effective by amendment by First Security Bank of Utah, N.A. upon swift notification from Barclays Bank PLC to First Security Bank of Utah, N.A. (FSBUUS55) that their Letter of Credit No. _____ has been returned and is cancelled.
3. This Letter of Credit will expire upon the first event set forth as follows: (a) 5:00 o'clock p.m. (Salt Lake City time) on October 28, 1995 or (b) the date upon which sufficient documents are executed by the Division to release Great Salt Lake Minerals Corporation ("Operator") from further liability for reclamation of M-057002 with notice to Bank or Surety by the Division accompanied by the original Letter of Credit with directions for cancellation.
4. This Letter of Credit will be automatically extended for successive periods of one year from the current or any future expiration date unless the Surety gives notice to the Division at least 90 days prior to the expiration date that the Surety elects not to renew the Letter of Credit.
5. Funds under the Letter of Credit are available against the Division's sight draft, in the form of Exhibit A, specifying Letter of Credit No. _____ delivered C/O International Department, 41 East 100 South, Salt Lake City, Utah 84111. At

**First
Security
Bank.**

L/C #: 6

PAGE 2

the Division's sole election, the Division may present sight drafts for less than the Face Amount so long as the aggregate amount of all sight drafts does not exceed the Face Amount. Each draft must be accompanied by a certificate in the form of Exhibit B, signed by a duly authorized representative of the Division.

6. If the Surety receives the Division's sight draft(s) and certificate(s) as provided in Paragraph No. 5 above on or before the expiration or termination of this Letter of Credit, the Surety will make such amount as the Division may specify, within the limits of the second sentence of Paragraph No. 5 of this Letter of Credit, available to the Division no later than the close of business, Salt Lake City time, on the second business day following the Surety's receipt of the sight draft and certificate and in such a manner as the Division may specify.

7. The Surety will give prompt notice to the Operator and to the Division Director of any notice received or action filed alleging the insolvency or bankruptcy of the Surety, or alleging any violations of regulatory requirements which could result in suspension or revocation of the Surety's charter or license to do business.

8. The Letter of Credit will be governed by the laws of the State of Utah and shall be subject to the Uniform Customs and Practice for Documentary Credit, 1993 Revision, International Chamber of Commerce Publication No. 500, as the same may be amended and in effect from time to time ("UCP"). In the event of a conflict between Utah law and the UCP, Utah law shall govern.

9. All communications regarding this Letter of Credit will be addressed to the Surety First Security Bank of Utah, N.A., C/O International Department, 41 East 100 South, Salt Lake City, Utah 84111, referencing Letter of Credit No. 4



AUTHORIZED SIGNATURE